



Los Angeles Area
Chamber of Commerce

TUESDAY | July 25, 2006

THE BUSINESS PERSPECTIVE:

Lights, Camera, Layoffs



Coming up at the Chamber

[View all upcoming events on our web calendar.](#)

WED | July 26
Deconstructing the Three
Pillars of International Trade
[more info](#)

WED | July 26
Environmental Quality
Committee Meeting
[more info](#)

WED | July 26
Transportation & Goods
Movement Committee
Meeting
[more info](#)

WED | July 26
Southern California
Leadership Network
Recruitment Reception
[more info](#)

TUE | Aug. 1
2006 Los Angeles Business
Journal Mid-Year Economic
Briefing Breakfast
[more info](#)

TUE | Aug. 8
Referral Network
[more info](#)

TUE | Aug. 15
Southern California
Leadership Network
Recruitment Reception
[more info](#)

THU | Aug. 17
Export Seminar Session #8
Freight and Logistics -
Delivering Goods
[more info](#)

TUE | Aug. 22
Referral Network
[more info](#)

The Los Angeles Area Chamber of Commerce is the voice of business in L.A. County. Founded in 1888, the Chamber promotes a prosperous economy and quality of life in the Los Angeles region. For more information, visit www.lachamber.org

350 S. Bixel St.
Los Angeles, CA 90017
213.580.7500 tel
213.580.7511 fax
info@lachamber.org

Major Hollywood cutbacks were [announced last week](#) resulting in more than 2,000 layoffs worldwide. It's clear that a major industry contraction is occurring as studios respond to a proliferation of new technology and a change in moviegoer habits. This is especially worrisome for our local economy and the 250,000 local jobs that depend on our most famous export.

There is an urgent need for real stimulus, and the California legislature can help jump-start it by finally [passing AB 777](#).

Over the past decade, California has struggled with runaway production to other parts of the United States as well as foreign countries. The industry generates more than \$35 billion a year to our local economy. As we lose productions, we are also losing high-paying, quality jobs as industry professionals set up shop in other states. There is no secret formula for this trend, only wise uses of economic incentives by other states to compete in the marketplace.

Introduced by Assembly Speaker Fabian Nuñez, AB 777 is an important step towards reversing this trend. The bill establishes a refundable tax credit for film projects with at least 75 percent of their production located in California. No one will be able to write off a star's \$20 million paycheck since salaries for actors, writers, producers and directors do not qualify. The credit is applied to crucial "below the line" costs such as labor, rentals and set materials – the very heart of the industry that employs so many in our region.

Thousands of small businesses will benefit from this infusion. Set designers, caterers, construction trades, transportation providers, makeup artists, security, location scouts and illustrators are just a few examples of the wide-variety of good paying, quality jobs that depend on a vibrant film industry. There is also a ripple effect into other industries because every new film industry job produces two more jobs in the local economy.

AB 777 continues to linger in legislative limbo in Sacramento since its introduction in February 2005. Some legislators are unwilling to support a tax incentive for one industry while deficit reduction is an important priority. That argument makes sense on the surface, but the consequences of doing nothing are far worse. The alternative is to lose this vital tax base entirely when businesses are shuttered and employees move elsewhere. Many non-motion picture companies benefit from the cluster of creative talent in our community. If that talent starts leaving, other sectors of the economy will feel the impact as well.

This legislation is not a fix-all for the motion picture industry. Other states and cities will still offer much more lucrative incentives, and other major challenges face the industry as entertainment habits and technologies continue to change. But AB 777 will make a strong statement about California's desire to keep this signature industry in our state. Further efforts need to be explored in Sacramento and at the city level to make it cost-effective for our homegrown industry to stay local. The Chamber applauds a recent Los Angeles City Council decision to [waive location fees](#) for filming on city-owned property. The city's decision is a step in the right direction.

The entertainment industry helped build Southern California's economic infrastructure and established our city's reputation as the "entertainment capital of the world." It's time to pass AB 777 and make a strong statement to the industry and our competitors that we intend to keep it that way.

And that's *The Business Perspective*.

Gary L. Toebben
President & CEO
Los Angeles Area Chamber of Commerce

by
Gary Toebben,
President &
CEO, Los
Angeles Area
Chamber of
Commerce

**L.A. Business
THIS WEEK**
View the latest
issue of the
Chamber's [weekly
email newsletter](#).
[Contact us](#) to
subscribe.

**Some legislators
are unwilling to
support a tax
incentive for one
industry while
deficit reduction
is an important
priority. That
argument makes
sense on the
surface, but the
consequences of
doing nothing are
far worse.**



*The Business Perspective is a weekly opinion piece by Gary Toebben,
President & CEO of the Los Angeles Area Chamber of Commerce,
produced with the input of Senior Policy Advisor Rusty Hammer.*

Powered by



Los Angeles Area Chamber of Commerce, 350 S. Bixel St., Los Angeles, CA 90017
213.580.7500 | fax: 213.580.7511 | info@lachamber.org | www.lachamber.org

[Modify](#) your profile or [unsubscribe](#) from this list automatically. If you request to be taken off this list, the L.A. Area Chamber will honor your request pursuant to [CoolerEmail's](#) permission-based email terms and conditions.
